GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:111
ANSWERED ON:10.03.2005
RELEASE OF QUOTA OF KEROSENE OIL
Gangwar Shri Santosh Kumar;Pandey Dr. Laxminarayan

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the quota of kerosene oil required to be released in the whole country from April 2004 to December 2004 and the quota actually released during the said period;

(b) the quantum of shortcomings that remained against the general requirement after the release of quota;

(c) whether the Government has assessed the fact that large scale price-rise of kerosene has been witnessed in the market due to the shortcomings in the release of quota;

(d) if so, the facts thereof;

(e) whether the Union Government propose to modify the kerosene oil distribution policy keeping in view the need to keep a check on the prices of kerosene oil to minimise the difficulties of the general public; and

(f) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO.111 BY DR. LAXMINARAYAN PANDEY AND SHRI SANTOSH GANGWAR TO BE ANSWERED ON 10TH MARCH, 2005 REGARDING RELEASE OF QUOTA OF KEROSENE OIL.

(a): Under the present system, the Government of India makes allocations of PDS Kerosene to States/UTs, who in turn lift their quotas from public sector Oil Marketing Companies (OMCs). During the period April − December 2004, as against the allocation of 67,75,786 Metric Tonnes (MTs), States/UTs uplifted 67,55,075 MTs of PDS Kerosene. In addition to PDS Kerosene, which is subsidized, the oil companies also sell Kerosene for other uses on commercial terms.

(b): With a view to assessing the genuine demand and requirement of Kerosene in the country, Government have commissioned a comprehensive study through the National Council of Applied Economic Research. Further necessary action will be taken upon receipt of the study report.

(c) & (d) : The selling price of PDS Kerosene has not been increased after 01.03.2002 despite a sizeable increase in average international FOB prices of Kerosene which rose from $24.26/barrel in March 2002 to $53.87/barrel in February 2005. In addition to the Government subsidy, OMCs also subsidize this product. During April − December 2004, OMCs have suffered under-recoveries of Rs. 7,155 crore on PDS Kerosene. This is projected to rise to Rs. 9,316 crore for the full year 2004-05. Of course, as regards free sale kerosene, increases in international prices do impact on domestic prices.

(e) & (f) : There is a proposal under the consideration of the Government for strengthening the distribution network for PDS Kerosene with the objective of reaching subsidized Kerosene to the targeted population and preventing its diversion to unauthorized uses/adulteration.